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ABSTRACT

The report describes the first few months of operation of an experimental Work Incentive Program (WIN) in Portland, Oregon to test the feasibility of the use of vouchers for on-the-job training (OJT). Voucher holders were required to decide on a training occupation, and then locate and negotiate for an employer to provide the training. WIN staff members served as information resources, wrote OJT contracts, and monitored vouchered training progress. The 265 vouchered clients did not differ markedly from the WIN clientele as a whole. Over several months the proportion taking vouchers dropped from 45% to 38% of those eligible. Fewer than a fourth of the vouchers were converted into OJT contracts. Voucher holders who were morehighly educated, younger, female, or voluntary WIN participants were relatively more successful in committing the voucher to an employer. Compared with regular OJT people, vouchered people held slightly higher level jobs, earned slightly higher wages, and trained for somewhat longer periods of time. Among the 166 people who were unable to commit their vouchers within the six weeks alloted, several went into regular OJT positions, some returned to school or were terminated from WIN, and many were on regular WIN job searches. (JR)

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THE EARLY EXPERIENCE IN VOUCHERING ON-THE-JOB TRAINING: A REPORT ON PROGRESS IN THE PORTLAND VOUCHER PROJECT

by

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EXECUTIVE SUMMARY

This is a report on the first few months of operation of an experimental program in the Work Incentive Program (WIN) in Portland, Oregon, to test the feasibility of the use of vouchers for on-the-job training (OJT). It includes information on the administrative organization of the voucher program, on a series of external events which have posed serious problems for the feasibility test and the research activities associated with it, and on the people who received the first 265 vouchers.

Administrative Procedures

The OJT voucher is available to any WIN participant who wishes it. It may be used for training in virtually any occupation, and with all but the smallest employers in the Oregon portion of the Portland metropolitan area. Training may last as long as a year, but the permissible length of training is linked to the skill level of the job as defined in the Dictionary of Occupational Titles (this aspect of the procedures was modified early in the field test of the voucher program).

Holders of vouchers for OJT have the responsibilities to decide on a training occupation and to locate and negotiate with an employer to provide the training. WIN staff members serve as information resources for the clients, but not in the traditional role of intercession between the client and the employer. In order to transfer any required information and skills in occupational choice, the labor market, and job-seeking from staff to clients, a set of special information resources is provided in the voucher program. These may be used alone by the voucher clients, or with the help of the members of a special Voucher Team (this has only recently been established as a result of our early experiences, when all nine teams in the Portland WIN program were involved in the voucher project). The Voucher Team is also responsible for the actual writing of the OJT contracts and for monitoring the vouchered training as it progresses.

External Events

Since June, when the first vouchers were issued, several events have occured in the Portland WIN program which have had serious consequences for the research component of the project. Support for direct social services was not available for a time early in the test period, so that WIN was unable to enroll welfare recipients who had need of child care or medical treatment. For a brief period in July, funds for "regular" nonvouchered OJT were unavailable; together with the absence throughout nearly the whole of the test period of funds for institutional skill training and for Public Service Employment, this

had the effect of closing off any options for clients but vouchered OJT or direct placement, and affected the degree to which they took vouchers by choice. In July, a job placement operation was established in the Public Welfare Division, which has affected the autonomy of the job search of some (presently unknown) number of voucher holders. In August, stricter enforcement of rules against enrolling in WIN any men who had initiated an Unemployment Insurance claim further changed the composition of the WIN clientele to whom the voucher could be offered at all. Finally, the difficulties in finding job openings for WIN clients which have been associated with the continuation of the recession in the Portland labor market may have resulted in some clients taking a voucher whose preference would have been to be placed in an unsubsidized job.

These events have had two kinds of effects. First, the characteristics of the general WIN clientele to whom the voucher could be offered has been in flux, and there is a good deal of question about whether the vouchered OJT people can validly be compared to clients in regular OJT during the preceding year (our basis for assessing the relative efficacy of vouchered OJT). Second, since the range of options within WIN has varied from one part of the test period to another, the degree of choice involved in the decision to take a voucher has been equally variable.

Early Empirical Results

By October 13, 265 WIN clients had taken OJT vouchers, or 38 percent of those to whom they were available. The voucher group does not differ in any important respects from the WIN clientele as a whole during that period, in terms of sex, race, education, age, and legal (mandatory/voluntary) characteristics. The voucher was relatively more attractive to men, the better-educated, older clients, and the handful of people who were neither black nor white.

The proportion taking the voucher dropped from 45 percent in the early weeks of the project to 38 percent for the whole period which this report covers. This drop in apparent demand for vouchers seems to be due to changes in the availability of program options other than vouchered OJT; in certain client characteristics (e.g., a large number of people who had exhausted their Unemployment Insurance benefits who began to enter WIN in August, and to whom an offer to search for work on their own might not be very attractive); and increases in the concentration in WIN of people who were relatively unlikely to take vouchers in general (e.g., women). Further, the proportion taking the voucher dropped between June and October in most of the very groups who were becoming more heavily represented during this period.

Voucher commitments.--Fewer than a fourth of the vouchers were converted into OJT contracts. Because the voucher system had not been fully implemented by each of the teams involved in the early part of the project, however, this low conversion rate does not seem to us to indicate whether voucher OJT clients are or are not able to find training positions on their own. Our expectation is that the establishment of the Voucher Team will help to solve some of these administrative problems and allow for collection of more valid information on the issue.

Voucher holders who were more highly educated, were younger, female, and voluntary WIN participants were relatively more successful in committing the voucher to an employer. Generally (but with some exceptions), those to whom the voucher was less attractive to begin with were more likely to be able to arrange an OJT position. It seems likely that this is because the characteristics of the more successful vouchered OJT clients were those which are generally more attractive to employers.

Despite our reservations about the comparability of vouchered OJT and regular OJT for 1974, information is presented on the relative characteristics or the two groups of contracts. Summary data on the vouchered OJT contracts indicate that, by comparison with regular OJT in 1974, the voucher people hold slightly higher-level jobs, earn at slightly (five percent) higher rates of pay, and are in training for somewhat longer periods of time (by six weeks, or about 30 percent longer). As a consequence, the cost to WIN for training subsidies was 57 percent higher for the vouchered OJT contracts. On the other hand, the costs associated with wasted time and effort when the OJT is not completed were lower for the voucher group--the early termination rate for the vouchered OJT employees was about three-fourths of that for the regular OJT clients.

The unsuccessful voucher holders.--Among the 166 people who were not able to commit their vouchers within the six weeks alloted, a few went instead into regular OJT positions; another 17 percent had returned to school or been terminated from WIN, and 41 percent were in regular WIN job search. The most interesting people in the group of voucher recipients are the 62 who found unsubsidized jobs instead of OJT, and who were earning at rather higher monthly rates than either vouchered or regular OJT workers were. The circumstances surrounding this unanticipated outcome of vouchering require further examination, and will be one of the subjects of our continuing analysis of data on the vouchering experience.

THE EARLY EXPERIENCE IN VOUCHERING ON-THE-JOB TRAINING: A REPORT ON PROGRESS IN THE PORTLAND VOUCHER PROJECT

The Bureau of Social Science Research has since 1974 been experimenting with vouchering vocational training for clients of the Work Incentive Program (WIN) in Portland, Oregon, first for institutional training and more recently for on-the-job training (OJT). This is a report on the first several months of the OJT project (between June and November 1975), and includes information on the establishment of administrative procedures, on a series of program and other external events which we believe have threatened the test of the feasibility of using vouchers in the WIN program, and on the people who received the first 265 vouchers.

Background of the Project

Both voucher projects are designed to address a variety of questions. Among them are

> whether putting decision-making, negotiating and purchasing power into the hands of the consumers of training will increase the likelihood that individual client needs will be met adequately;
>
> whether clients' decisions are at least as good as those made by program agency personnel on their behalf;
>
> whether allowing a client to choose a trainer in terms of his own needs, thereby not limiting his options to whose made available by an agency, will broaden his choices for both an occupation and a trainer;
>
> whether giving the client the opportunity to participate meaningfully in decisions about his life will increase his skill in dealing with a variety of institutions, and will enhance his self-esteem, his sense of personal efficacy, and his commitment to the accomplishment of his goals; and
>
> whether the client's power to give or withhold payment from a supplier of training (tuition in the case of institutional training, a subsidy for training in the case of OJT) will have the result that trainers will become more responsive to client needs and wishes in order to attract voucher money.

The OJT feasibility test in Portland is also directed at a series of more concrete questions, such as

whether clients will find their responsibilities under the voucher program acceptable, or whether they prefer intercession with employers by the program staff;

whether clients can in fact find suitable training within the limits of the program guidelines;

whether members of the staff are able to shift their emphasis from mediation of the relationship between client and employer to that of facilitation and provision of information for use by clients; and

whether employers will accept voucher clients as trainees without prior screening by program staff and without their intercession.

The Design of the Voucher System and Subsequent Modifications of It

We introduced a voucher system which was maximally decentralized within the WIN staff (each of the nine teams had as part of its case load any of their clients who chose to participate in the voucher project), with very few restrictions on clients or employers.[1] Our experience with this system since June has led us to make several changes in this model, which are described in the appropriate places below.

Client Eligibility

All WIN participants are eligible to receive OJT vouchers if they wish. This includes new WIN clients; clients involved in another WIN component (when they complete it); and clients who are referred by the Public Welfare Division for WIN re-appraisal.

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[1] More detailed specification of the administrative procedures, and the rationale behind each, is to be found in Ann Richardson, "Design and Procedures for a study of a Voucher Stystem for On-the-Job Training in the Work Incentive Program in Portland, Oregon," Bureau of Social Science Research, 1975.

Occupations for which the Voucher May be Used

Generally, vouchers may be used for OJT in any occupation. There are, however, certain restrictions on the occupations for which clients may receive OJT in current WIN II regulations. As is normally the case for "regular" OJT (ROJT), vouchers may not be used for employment in any of the following occupations:

- those dependent on a commission as the primary source of income;
- sewing machine operators in the garment and apparel industry (SIC 2300);
- bartenders;
- those which have an intermittent seasonal employment pattern;
- professions which require licenses; or
- those which do not require specific training as a prerequisite to employment, or for which fewer than four week's training is required.

In addition, OJT vouchers may not be used for jobs for which the starting wage rate is less than $2.40 per hour.

Employer Eligibility

Subject to the exceptions below, vouchers may be committed to any public or private employer in the Oregon portion of the Portland metropolitan area who is authorized to do business in the jurisdiction. A voucher may not be committed in any of the following situations:

- more than one-fourth of the employer's work force are OJT employees;
- an employer is listed in the Department of Labor's "Joint Consolidated List of Debarred, Ineligible, and Suspended Contractors";
- an employer is currently struck or has locked out his employees; or
- an employer has defaulted on a previous vouchered OJT contract.

Length of Training and OJT Wage Rate

Voucher clients are entitled to up to one year of training, at a starting pay rate of at least $2.40 per hour. As is normally the case for OJT in WIN, the length of training is a partial function of

the skill level of the job in question, as measured by the sum of the three "worker trait" digits in the Dictionary of Occupational Titles code for the occupation.[2] In order to allow a bit more flexibility in the permissable length of training, proposed contracts which specify a training period up to eight weeks above the DOT-based criterion (called DOT+8 in this report) are acceptable without special review, so long as the training will not last for more than one year, nor the total cost to WIN will be in excess of $3,800 (see below). Proposals for longer or more expensive training are subject to special review in the state and regional WIN offices.

The length of a vouchered OJT (VOJT) contract, together with the hourly pay rate, are determined by the employer and the client together, taking into account the skill requirements of the occupation as it is practiced in the particular establishment in question, and the client's initial preparation for the work.

When we began the VOJT field test, the procedures did not include the provisions on length of training described above. Very early in the vouchering process, however, the indications were that most if not all contracts would be written for 52 weeks, regardless of occupation, and we introduced the review process. As it turns out, we may have been unnecessarily pessimistic on this point--only about a third of the contracts written after the procedures were changed provided for the maximum allowable without review. (More detail on this is presented later in the report.)

Payments, Subsidies, and Allowances

Employers are reimbursed for the costs of training. The maximum reimbursement is calculated by the formula currently in use for ROJT: 1/2 the product of the wage rate and the total number of hours of training in the contract. WIN also reimburses the employer for one hundred percent of time which the client spends away from work in job-related training classes.

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[2]This length-of-training criterion defines a maximum length of training associated with any given occupation. The sum of the DOT digits is translated (inversely) into a number of training days, which ranges from four to 44 weeks. For details, see U.S. Department of Labor, Manpower Administration, Work Incentive Program JOBS Optional Program Handbook (1972) pp. III-17 and III-18.

Should a VOJT client require tools and equipment for the job, they are issued from WIN inventory or purchased from training-related funds provided in the budget for the voucher project. The allowances include tools, equipment, and union initiation fees (up to $300); clothing (up to $35); and auto repair (up to $50). Exceptions to these allowances may be made on a case-by-case basis if the quality of the training would be enhanced. In addition, training-related expenses are paid to all voucher clients on the same basis as they regularly are for OJT. Each client is reimbursed for the costs of lunch and transportation until his first payday on the job.

Clients are encouraged to make as wide an exploration of training possibilities as they feel is necessary, and to attend regular meetings with WIN staff before and during the search for work. So that these activities will not become a financial burden, clients receive payments for transportation and lunch expenses (up to $2.50 per day). These payments are made upon application by the client, from a special fund established for the purpose.

We have recently learned that these payments are being counted as part of gross income for those who are food stamp recipients, which has meant that an undetermined number of VOJT clients have been placed in a higher cost bracket. Our concern about this issue centers around the fact that for some clients, at least, participation in the voucher project entails an absolute deprivation. This situation is inconsistent with our assurance to clients that participation would not result in penalties, and with commonly-accepted norms providing that human subjects of scientific research shall not under ordinary circumstances be subjected to unstated risks (economic risks, among others). Unfortunately, this information has come to us too late to make it feasible to arrange for suspension of this practice. For the remainder of the field phase, however, clients will be issued bus tickets and gas vouchers[3], neither of which is counted as income for food stamp purchases.

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[3] Actually, an arrangement with a nearby service station, already established by WIN well before the voucher project started.

Training Plan Review Procedures

A plan may be rejected by the appropriate state WIN administrator if it involves an ineligible employer, or if it will require more than one year to complete.

A plan is reviewed if it will exceed a cost to WIN of $3,800. This figure includes reimbursement of the employer for training costs, but not the cost of child care and other services of the Special Administrative Unit (SAU), nor of the training-related allowances described above.

Steps in the VOJT Process

All new WIN clients go through the normal intake and appraisal processes. Clients who express an initial interest in the voucher program are referred to a manpower specialist to discuss OJT in more detail. The manpower specialist provides detailed information on OJT as such, and on vouchered and regular OJT in particular. The discussion includes an explanation of the voucher program, its provisions, safeguards, allowances, and the clients' rights and responsibilities as a participant in the project.

Once the voucher has been issued, the client has six weeks to decide upon his training occupation and to complete negotiations with the VOJT employer. During this period, several special services are made available to each client, in order more fully to equip him to choose an occupation and to search for work. These include self-assessment counseling and special coaching in the job search, access to the University of Oregon's Career Information System (a locally-sensitive job-selection program), and access to the Employment Service Job Bank.

When the client finds a potential employer, he and the employer negotiate the length of training and the starting pay rate. The employer indicates his intention to hire and train by signing a Preliminary Agreement, which the client returns to WIN. The contract itself is written by a WIN Job Developer, but he may not negotiate occupation, pay, or length of training with the employer.

The voucher system allows any client to change his occupation or employer, or both, so long as the training will be completed within the time remaining in the overall one-year time limit. This second-chance provision applies regardless of the reason that the client wishes to make the change (whether he changes his mind, quits, or is fired or laid off).

Program Administrative Structure

Beginning at the time of the manpower specialist's session on VOJT, those who wish to participate in the project are assigned to a special Voucher Team, which has the responsibility to provide the special services described above, and for concluding and monitoring VOJT contracts. The client remains with this team until the end of his participation in the voucher project.

This is somewhat different from the administrative model with which we started in June. The Voucher Team was established in mid-October, after we had had about four months' experience with the original decentralized administrative structure. There are several reasons for this change. One of the most important is that we wish to take advantage of the opportunity to examine the relative feasibility of a more centralized and specialized structure, an alternative to the original model which has obvious potential of its own.

In addition, the change was prompted by our conclusion that the VOJT program had not yet received a serious, systematic test. This seems to be so for several reasons. First, there had been strong and persistent tendencies for the staff to intercede in the job search process in a variety of ways: taking over the employer-contact functions for the client; providing clients with lists of job openings from the Job Bank (75 percent of which require that the WIN staff screen the applicant on behalf of employers, which is inconsistent with the other provisions for client independence in the program), and otherwise resorting to traditional modes of intervention. In many--or most--cases this intervention occurred before there was any sign of trouble on the client's part, and the arrangements for the VOJT contract were in fact indistinguishable from those for ROJT. It is our feeling that these

tendencies result from pressures for WIN placements and from sincere wishes to expedite and assure the success of the job search. However, they mean that the voucher system received no test.

Second, although the various special services provided for VOJT clients have at least the potential for transferring to the clients skills in "suitable" occupational choices and an efficient job search, there was evidence that these services were offered only occasionally, and were often not diligently provided even upon client request.

Third, there was evidence that the availability of VOJT was not being made known to all clients, but instead on the basis of staff members' judgements about the "suitability" of VOJT for individual clients.

These problems seem to rest in large part on what may be a more fundamental structural inconsistency between WIN OJT and the voucher system. This stems from the fact that local employers and WIN form a social system which is rather elaborate and at the same time rather fragile. It may be that the voucher system threatens the stability of this system in ways which in effect makes the feasibility of vouchering in the OJT context questionable. It is important to emphasize that this is not primarily or basically a matter of personalities, nor of peculiarities of the Portland WIN operation, but of the structural realities of the organization of OJT in WIN. A general outline of these realities follows.

Local employers, who have many sources of recruitment in addition to ES, are only marginally committed to listing job openings with WIN. Even among those who do use WIN as a recruitment source, only about half the job openings filled by WIN are employers' orders filed with the Job Bank--the other 50 percent are "hip-pocket" openings, developed through personal contacts with specific Job Developers with whom the employer has had satisfactory relations in the past. In response, WIN staff members are at special pains to maintain good employer relations, and have a tendency to develop "stables" of employers with whom they can expect to make placements with relative ease. These relations are maintained in several ways: clients are carefully screened before they are referred to an employer, to assure his satisfaction; hip-pocket

openings are shared with other staff on a highly selective basis; and staff assume responsibility for all paper work connected with the OJT, including regular invoicing (normally the responsibility of OJT employers themselves).

Another important constituency is the program itself, and its demands for placement. Portland WIN regularly reports an unusually high placement rate, and is at great pains to maintain its record. General organizational pressures for performance in the form of placements are in the Portland case increased even more at the level of individual Job Developers by the local practice of tabulating and circulating monthly summaries of placements credited to each team. This fosters a good deal of inter-team competition, which probably increases tendencies to develop and maintain a stable of satisfied employers, with the particular sensitivity to employer preferences and requirements which is implied.

An additional link between pressures for placements and OJT is that the training function of WIN is partially confounded with the placement function--an undetermined but significant proportion of OJTs are in reality job-buying in the private sector. The line between training and employment is never clear, of course, and the ambiguity is not limited to officially-designated OJT settings, since there is probably no job situation which does not involve some element of on-the-job training for its members. Over and above this factor, however, there is a clear tendency to use training subsidies as incentives to hire workers who already have had significant experience in the occupation in question. This tendency is understandably greater during periods of labor surpluses, a condition which has prevailed throughout the test period in Portland.

These factors combine to make the pressures very great for the staff to become actively involved in the regular OJT process. Yet, we are asking them temporarily to risk their relations with employers, by not sending specially-selected applicants to them; and with the program, by imposing on the system an inefficient job-location mechanism.

With respect to the last point, we are aware that one of the most obvious means for reducing inefficiencies in the job search is the Job Bank, as a source of leads to actual job openings (including OJT slots). However, the rules for use of the Job Bank are inconsistent

with the notion of moving the staff member out of the position of intermediary between client and employer, and are probably one of the most concrete expressions of the structure of the WIN-employer relationship. Job Bank listings are blind with respect to employer and address, so are of no direct value to the client; employers may (and do) specify that applicants be screened by the Job Developer before referral; and clients may not approach an employer about a job listing without a referral, which must be obtained from a staff member (who must screen, call to make appointments, call to describe the applicant, or whatever similar intercession is specified by the employer). While the Job Bank is certainly not WIN's only source of information on jobs, it is probably considerably more efficient than door-to-door or newspaper-ad approaches, and particularly so in a period of high unemployment.

Considerations of organizational efficiency of the job search and of maintenance of smooth relationships with employers are not, of course, the only reasons that we should expect staff to be uncomfortable with the voucher system. They also share a genuine sympathy with clients and a concern that they find suitable and comfortable work at decent levels of pay as soon as possible. (Clients who do not want to work or to take on an OJT arrangement are rarely pressed to do so, and are almost never terminated from WIN for the refusal to participate.) At a time when clients find it hard to get decent (or any) work in a tight labor market, these concerns are, of course, heightend.

Establishment of the Voucher Team will probably not entirely resolve such basic inconsistencies. However, it may help to soften the effects of some of the related, day-to-day problems in administration of the voucher program. In particular, the provision that credit for placements resulting from VOJT clients' successful job search will go to the original appraisal team should substantially reduce the effects of placement pressures on the Voucher Team itself. Another potential benefit is that the members of the Team will not simultaneously be involved with employers in a ROJT capacity, so that the distinction below VOJT and ROJT procedures does not so readily become blurred. We are hopeful that some of these types of problems, which have meant that the voucher system has not yet been fully tested, can be brought under closer control during the remainder of the test period. Observation of

the effects of the Voucher Team has been delayed, unfortunately, by a combination of state civil service delays in personnel arrangements, an unexpected period of annual leave by a member of the Team, several part-weeks of required Employment Service training for all WIN staff, and the untimely death of the Portland WIN supervisor. These events have meant that the Voucher Team was not staffed and operating on a full-time basis until more than a month after it was established.

External Events Affecting Progress of the Research

Aside from our early internal administrative problems with the voucher project, several events basically external to the project have occured during the test period which have had serious effects on the research design. The effects bear mainly on the degree to which the empirical findings will be reasonably comparable to findings for regular OJT clients, our basis for comparative assessment of the feasibility of vouchers for OJT.

Just two weeks after vouchering began on June 9, the SAU was forced by lack of funds to restrict WIN intake to those from families in which there was no need for paid child care, for medical or dental treatment, or for other direct services. This situation continued until early August, with the result that the group to whom the voucher could be offered at all had a somewhat higher-than-normal proportion of men (63% through July, vs. 51% for the entire period on which we are reporting here), older clients (26% 36 or older in the early period, vs. 20% overall), and mandatory clients (about 90% early on, vs. 79% for the whole period). This probably had the effect of inflating the apparent demand for VOJT, since men--who are all mandatory clients--and relatively older people were in general more likely than women and younger people to take a voucher.

Although we had understood that ROJT monies would be available during the vouchering period, in the middle of July a large proportion (over 80%) of these regular program funds were re-allocated to WIN programs in other parts of the state, on the assumption that they would be a surplus in Portland so long as the voucher project was in operation. This had the effect of eliminating virtually any WIN program component

(save placement) except VOJT,[4] and probably also increased the apparent demand for vouchers. At any rate, it certainly compromised the project provision that VOJT would constitute one of several options for clients, and temporarily eliminated the important aspect of VOJT as a choice. This situation was corrected in August with an assurance that ROJT would be kept available throughout the remainder of the test period, as it has been. (In September and October, a little over half of all OJT contracts were written for ROJT.)

Begining in July, the Public Welfare Division (PWD) established its own placement operation. While it was initially our understanding that the job developers in that operation would not deal with clients who were eligible for WIN, it seems that this has not been entirely the case. We have learned that at least several voucher holders had jobs sought for them by PWD at the same time. On the other hand, it seems likely that some clients who might have been potential VOJT recipients were funneled away from the project (either at PWD or within WIN) because a search for unsubsidized work was already under way on their behalf.

The number and characteristics of the overall WIN clientele to whom the voucher was available were further changed in August, when WIN increased enforcement of the regulation that male applicants for Aid to Families with Dependent Children who also have initiated an Unemployment Insurance (UI) claim may not be enrolled in WIN. This had marked initial effects on the rate of intake (it dropped to nearly zero for a time). It has not been possible to ascertain with any certainty the extent to which these effects have persisted, because the ruling has not been fully implemented within each team. Our best estimate is that there are noticeably fewer UI people in the program than before, but that much of the slack in numbers has been taken up by a good number of people who have exhausted 65 weeks of UI benefits (who began to flood the program in August), and by the influx normally to be expected as the Oregon economy enters its regular seasonal slump.

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[4]Funding for institutional training and Public Service Employment as program options has varied during the test period from zero to very low.

Finally, Portland has experienced the current recession along with the rest of the nation. While the relation between system-level phenomena such as the unemployment rate and individual-level events such as finding or not finding a job is not necessarily a direct one, there do seem to be recession effects at work in the Portland project. This has apparently not markedly reduced the number of OJT possibilities in the local economy (ROJT for September and October, 1974, was 45; the combination of ROJT and VOJT for the same months in 1975 was also 45). But there is evidence that at least some clients have taken OJT vouchers because WIN has been unable to place them in unsubsidized work (placements during the first eight months of 1975 were running about three-quarters the level for 1974). Again, this has led to a tendency for people to take vouchers who might otherwise not have found them an attractive choice (and as always to some extent they have been used to buy jobs rather than training).

This series of events has had the cumulative effect of bringing into question the degree to which we can argue that VOJT may validly be compared to OJT during any other period, as provided in the original study design.[5] Despite our sense of caution, however, we present in the following section data on clients and vouchering activities during the period of project operations prior to the establishment of the Voucher Team, between June 9 and October 13 (and, in several places as late as November 21, to include the six-week search period for those who received vouchers in October).

Early Empirical Results

By October 13, 265 people had taken OJT vouchers, or 38 percent of those to whom they were presumably made available. The voucher group

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[5]We do not suggest that WIN "usually" functions at full authorized levels and with a full range of services, nor that it has not experienced many of the same sorts of uneven operations in the past. But since the timing, phasing, and effects of these events are not equivalent, any comparisons based on observations during different time periods are hazardous. By December 1, the Portland program was in fact able to offer a full range of component options (Public Service Employment, regular OJT, and institutional training) for the first time since the VOJT project started. It is unfortunate that these monies became available so late in the test period.

was made up of fairly well-educated, young, male, white, mandatory participants. This group reflects very closely the composition of the clientele as a whole during that period, except that men were slightly overrepresented among the voucher recipients.

TABLE 1

BACKGROUND CHARACTERISTICS OF VOUCHER RECIPIENTS AND OF WIN CLIENTS IN GENERAL, JUNE-OCTOBER, 1975

	Voucher Recipients (N=265)	All WIN Clients (N=706)
Percent male	60	51
Percent over 35 years.	23	20
Percent with 12 or more years of schooling	72	69
Percent white.	81	81
Percent mandatory status	84	79

The voucher was variously attractive to clients from different backgrounds. Men were more likely than women to undertake VOJT, as were the relatively better-educated, the older clients (36-45 years old), the handful (N=21) who were neither black nor white, and those who were mandatory WIN participants. The mandatory-voluntary difference is confounded with the difference between the sexes, since all men are mandatory clients. The difference seems in fact to be one of sex rather than legal status--among the women, mandatory clients were about as likely (32%) as voluntary ones (29%) to take a voucher.

The proportion taking the voucher dropped from 45 percent in the June-July period to 38 percent by October 13. This reflects partly the growing availability of other program options within WIN during the period, especially ROJT. It also reflects changes in the composition of the WIN clientele. For one thing the voucher was probably not especially attractive to the large number of clients who began to enter WIN in August after exhausting their U.I. benefits--people who had presumably already been seeking work on their own without success. Furthermore, during June

and July, when WIN intake was restricted to those without needs for direct social services, the available clientele was composed of 63 percent men,

TABLE 2

PROPORTION TAKING A VOUCHER
BY VARIOUS BACKGROUND CHARACTERISTICS

	Proportion Taking a Voucher
Sex	
Male	45
Female	30
Age	
35 years or younger	37
36 or older	41
Education	
Fewer than 12 years	34
12 or more years	39
Race	
White	38
Black	35
Other	57
Legal Status	
Mandatory	40
Voluntary	29
Women Only	
Mandatory	32
Voluntary	29

who were throughout the June-October period more likely than women to take a voucher. The same pattern holds for legal status: the proportion of voluntary clients rose by 11 percentage points between June and October (Column A, Table 3), but voluntary clients were generally less likely than mandatory ones to take a voucher (Table 2).

TABLE 3

CHANGES IN WIN COMPOSITION AND IN INTEREST IN VOUCHERS, JUNE 9 - JULY 31 vs. JUNE 9 - OCTOBER 13

	A Percentage-point Change in Representation within WIN Clientele	B Percentage-point Change in Proportion Taking a Voucher
Sex		
Male	-12	- 1
Female	+12	-12
Age		
35 years or younger	+ 6	- 6
36 or older	- 6	- 8
Education		
Fewer than 12 years	- 5	- 7
12 or more years	+ 5	- 4
Race		
White	+ 4	- 8
Black	- 3	- 2
Other	- 1	+ 2
Legal Status		
Mandatory	-11	- 6
Voluntary	+11	- 8
Women Only		
Mandatory	+ 2	-15
Voluntary	- 2	- 7

In addition to these kinds of changes in the clientele, there was tendency for the voucher to become less attractive over time to many of the same groups who had become more heavily represented in WIN by mid-October (Table 3). For example, while the proportion of women increased 12 percentage points (Column A), the likelihood that a woman would take a voucher dropped from 42 percent to 30 percent (Column B). Similar patterns of increases in declining-interest groups occur

for race and legal status (especially mandatory women[6]), though they are reversed for education and age. Apparently, then, the decrease between June and October in the proportion taking vouchers is attributable both to increases in the representation of those who were generally less likely to take a voucher and to tendencies in these very groups to find the voucher less attractive as the project continued.[7]

Voucher Commitments

An unexpectedly small number of vouchers were converted to OJT contracts, just 52[8] by November 21. This was less than a fourth of the number we had anticipated. Our expectations may have been too high partly because we originally worked with out-dated (pre-recession) estimates of the capacity of the Portland labor market to accommodate WIN OJT arrangements. Over and above that, however, there is no question that the "success" rate for VOJT people is lower than that when staff are able to make direct contact with employers who are known to have current job openings, and when only highest-potential clients are screened into the OJT component. However, given our experience with the uneveness with which teams provided clients with the preparation in job-seeking skills which were made available, and the frequency with which we know that some staff in fact interceded with employers, it remains very much an open question whether the rate of commitment indicates anything at all about whether VOJT clients are able or unable to find work on their own. We should be able to get some better measure of this as the experience with the Voucher Team accumulates.

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[6]This is not accounted for by any tendency for mandatory women, whose children are all of school age, to defer work until the start of the school year. The proportion of mandatory women taking vouchers between September 1 and October 13 was distinctly lower (19%) than it was during the summer months (47% from June 9 through July and 33% during August).

[7]The reasons for the drop in demand for some groups between June and October will be a subject of our ongoing assessment of the voucher program. Among the candidates for explanation are: changes in WIN program alternatives (e.g., a small bit of money for institutional training, usually very attractive to female WIN clients, became available in late September); waning staff patience with the voucher program and in their willingness to expose all clients to information on the availability of vouchers; and increases in already-heavy pressures for placements as the relatively low placement rate for 1975 persisted.

[8]Fifty individuals were able to arrange OJT; two of them exercised their second-chance option, which yields 52 contracts.

Different types of voucher holders were variously successful in finding training positions, though none of the differences is statistically significant. Clients who were relatively well-educated, who were younger than 36, women, and voluntary participants[9] were more likely to have committed their vouchers. There are some interesting contrasts in these data with the characteristics of those taking a voucher to begin with. For example,

TABLE 4

PROPORTION COMMITING THE VOUCHER
BY VARIOUS BACKGROUND CHARACTERISTICS

	Proportion Commiting the Voucher
Sex	
Male	16
Female	24
Age	
35 years or younger	20
36 or older	15
Education	
Fewer than 12 years	17
12 or more years	19
Race	
White	19
Black	15
Other	17
Legal Status	
Mandatory	17
Voluntary	30
Women Only	
Mandatory	16
Voluntary	30

[9]As noted above, sex and legal status are confounded. Unlike the case of taking vouchers, in which the governing factor seemed to be sex rather than legal status, it looks as though legal status governs here. While 30 percent of female voluntary clients committed their vouchers, this dropped to 16 percent among the mandatory women, the same as the rate for men.

while vouchers were relatively unattractive to the women, they were more likely to convert them to contracts. Similarly, though it was those who were in their late 30's or early 40's who were the most likely to take the voucher, it was the slightly younger (25-34) who more often found a training position; and the voluntary clients, who were less likely to take a voucher in the first place, were more likely than mandatory clients to commit it. On the other hand, the better-educated clients were more likely both to take a voucher and to commit it.

It is not immediately obvious how these patterns are to be interpreted. It might be argued that certain groups (men, for example) were relatively poorer VOJT risks to begin with, and "should not have" taken the voucher. It is very important to recall in this connection, however, that for a good portion of the time in question there were no options other than VOJT available to clients who were not directly placed by WIN.

The greater success of the more educated voucher holders and of those who were a bit younger suggests another interpretation: that people who are generally more attractive to employers, especially if they are to receive wages during a training period, are bound to be more successful in finding work. While we are inclined to give this interpretation more weight than the earlier one, the whole question will require more detailed analysis when our data collection is completed.

The OJT Contracts

In the remainder of this section of the report, several comparisons are made between vouchered and regular OJT. In each case, ROJT refers to 76 contracts written during the closest comparable period on which we have information, July 1 through October 23, 1974.[10] This will adjust the data

[10]October 23 is not quite late enough to offset the difference between the two groups, but that is the date after which there was a three-month hiatus in ROJT in 1974, due to an unexpected freeze on all new Employment Service contracts.

to take seasonal factors into account, though the comparisons are still affected by a series of additional differences between the two time periods. These differences include not only a worsening recession, but changes in the composition of the WIN clientele, in the characteristics of those receiving OJT, and in WIN program options in addition to OJT. (Not the least difference in this particular respect is that vouchered institutional training was available during the early part of the 1974 comparison period, but not in 1975.)

Occupation.--The VOJT participants most often found work in service or sales occupations (e.g., building supplies salesperson, alteration tailor, cook's helper) or as operatives (e.g., auto mechanic, equipment repairman, machine tryout person). About 12 percent of the VOJT jobs were related to automobile maintenance, repair, and servicing, a very high-turnover and short-tenure type of work.

TABLE 5

OCCUPATIONAL DISTRIBUTION, VOUCHERED AND REGULAR OJT
(In Percentages)

	Vouchered (N=52)	Regular, 1974 (N=76)
Sub-professional, technical	6	1
Managerial, administrative	10	4
High clerical	10	7
Low clerical	10	18
Craftsperson	11	5
Operative	29	50
Service, sales	25	15
No answer	-	(3)
Total	101	100

The proportion in the operative group was noticeably smaller among the VOJT employees than it was among the 1974 ROJT participants (and the proportion in auto-connected work was lower by 14 percentage points). Generally speaking, the VOJT people were working at a slightly higher level than the ROJT people were, and were particularly more likely to be in the lower levels of managerial and administrative occupations.

Judging by the degree of concentration in the two largest occupational groups (operative and service/sales for VOJT people; operative and low clerical for those in ROJT), vouchering did broaden client occupational options to some degree. While 68 percent of the ROJT jobs were in the two largest categories, this was true for fewer of the VOJT jobs--54 percent.

Rates of Pay.--The slight upward shift in the occupational distribution is only partially reflected in pay rates--the median monthly pay for VOJT workers, $526, nearly exactly equalled that for 1974 ROJT clients, $516.[11] Looking just at the 43 contracts which were written after the length of training was tied to the DOT code, the difference is greater, but shows an increase of just five percent in earnings ($540 vs. $516). It is interesting to note that the clients who entered into VOJT contracts earlier, when the training could run for a year regardless of occupation, were earning at a lower rate--$467 at the median, or 16 percent less than the later VOJT workers, and nine percent less than those in ROJT in 1974. This is not the only indication that the unrestricted length-of-training provision may have undesirable consequences (see below).

TABLE 6

MEDIAN MONTHLY RATES OF PAY, VOUCHERED AND REGULAR OJT

	Monthly Pay Rate
Voucher OJT employees.	$526
DOT+8 VOJT employees only.	$540
Regular OJT employees (1974)	$516

[11]This actually represents a slight drop in real earnings of the VOJT trainees, since inflation had continued to erode purchasing power since 1974.

Length of Training.--Those who made training arrangements after the DOT+8 criterion was introduced[12] were to be trained for 26 weeks on the average (median), six weeks longer than those in ROJT in 1974. Part of this difference is accounted for by shifts into occupational groups which require longer periods of preparation. But the question arises of whether it might also reflect a tendency for employers and clients to negotiate for the maximum length of training permissable under the project procedures (short of getting involved in the review process).[13] It appears, however, that this is not the case. One indication of this is that if each contract had been written for the maximum (DOT+8), the median length of training would have been 40 weeks, not 26. Another is that the average training would have lasted for 32 weeks, not 26, if each contract had been written for no longer than that allowed by the DOT criterion alone. As it is, 53 percent of the VOJT contracts provided for training time equal to or less than that specified by the DOT code, and fully two-thirds were below the DOT+8 limit. In only 15 cases (35%) was there evidence for the argument that there will be pressures to maximize training periods in a vouchering system. It seems that we may be reassured on this point.[14]

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[12]The data on just the 43 DOT+8 contracts are used here and elsewhere because they are more fully comparable to the 1974 ROJT data, and because they afford a more accurate appraisal of the relative efficacy of VOJT.

[13]There are few reasons to expect that anything else would be the case. There is no incentive for employers to contract for less than the maximum subsidy and tax credit period. Nor is there any compelling reason to expect the client to want to negotiate this matter. Short of the possibility of losing the job altogether, there is no incentive for the client to negotiate for a shorter training period, since the longer the subsidy the greater the job security (and, often, the higher the wage all other things being equal). Indeed, the length of training is WIN's problem, not the client's or the employer's.

[14]Five of the first nine contracts, before the DOT criterion was introduced, were written for 52 weeks, all but one in excess of the DOT+8 criterion. The remaining four early contracts were written for training times shorter than the DOT+8 period.

Total Cost of Training.--Predictably enough, given the longer contracts of the VOJT employees, the total cost of training for VOJT was higher than the cost of ROJT in 1974. The median cost to WIN for VOJT wage subsidies (for the 43 DOT+8 contracts) was $2,040, compared to $1,299 in the same period of 1974, an increase of 57 percent.

Early Termination of Contracts

An additional "cost" of OJT is the cost associated with the effort and money spent on arrangements and subsidies for training which is not completed.[15] While the experience to date does not include all the early terminations which will eventually occur among the VOJT group, we can make comparisons with the experience of 1974 ROJT people for a similar length of time following the beginning of training.

By the middle of October, 33 percent of the VOJT contracts had been terminated before completion. By contrast, an estimated 41 percent[16] of ROJT contracts had been terminated early. However, there is a rather dramatic difference between the early and later groups of VOJT contracts. Of the nine OJT contracts concluded before the length of training was linked to occupation, 8 (89%) were terminated early. Of the 43 in the later group, only 21 percent had ended early. In the comparable ROJT group, an estimated 34 percent had been cancelled. Again, unrestricted length-of-training provisions are called into question by these data. At the same time, there is at least early evidence for the hypothesis that vouchering, by enhancing the match between client interests and training positions, will reduce the rate at which OJT clients leave the job before the training is completed.

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[15]Obviously, this is not entirely a waste, since experience on the job can accumulate, to the employee's eventual benefit. At least one study indicated that, even when it is not completed, OJT seems to increase longer-run labor force participation rates. (See Ann Richardson, with the assistance of Bruce B. Dunning, Youth in the WIN Program: Report on a Survey of Client Backgrounds, Program Experience, and Subsequent Labor Force Participation (Bureau of Social Science Research, Report No. 0085-3), 1975.

[16]This estimate allows for delays between the time the client leaves the job and completion of the paper work on which WIN program records are based. The lag is not a factor in the reported VOJT early termination rate, however.

Contracts for work in operatives' jobs were especially vulnerable to early termination among the VOJT clients--47 percent of the early terminations were in this occupational group, as against 31 percent of OJT contracts. By contrast, those in the managerial-administrative group, one of the groups which gained VOJT workers relative to the ROJT group, were clearly underrepresented among the early terminations. In fact (Table 7), combining the occupational groups in which the VOJT people gained rather noticeably relative to the ROJT people (by five or more percentage points; see Table 5), the general rate of early termination is disproportionately low--these "gain" occupations represent 42 percent of contracts, but only 20 percent of early terminations.[17] Put another way, the probability of early termination was clearly lower in the gain occupations than in either the "stable" or the "loss" occupations. Again, the voucher OJT system seems to lead to a somewhat better fit between worker and job, so far as early terminations are a good indicator of fit.

Clients Who Did Not Commit the Voucher

Of those who took a voucher, 166 did not commit it within six weeks. A few (N=7) went instead into regular OJT positions (at slightly lower monthly pay rates than the DOT+8 VOJT people: $519 vs. $540 on the average). Another 29 had either returned to school or been terminated from WIN, and 68 were in regular WIN job search. The most interesting people in this group of voucher recipients are the 62 (23% of all voucher holders) who found unsubsidized jobs instead of OJT, and were earning at rather higher monthly rates ($605, on the average) than either VOJT or ROJT workers were.[18]

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[17]To compare, the occupational groups in which ROJT workers were relatively more heavily concentrated (low clerical and operative) represent 68 percent of ROJT contracts and virtually the same proportion of ROJT early terminations, 65 percent.

[18]Not only did these people earn at a higher rate than OJT people did, whether regular ($519) or vouchered ($540), but they also earned more than those who were directly placed during the vouchering period ($519) or during the eight weeks preceding vouchering ($519). A check shows that this is not due to a change in the proportion of males among the jobholders, who earn more than women do.

TABLE 7

DISTRIBUTIONS OF VOJT CONTRACTS AND OF EARLY TERMINATIONS

	Proportion of all VOJT Contracts (N=52)	Proportion of all Early Terminations (N=76)	Proportion of Contracts Terminated Early in Each Occupational Group
Gain Occupations	42	20	15%
Subprofessional, technical. . .	6	0	0 (N=3)
Managerial, administrative. . .	11	0	0 (N=5)
Service, sales.	25	20	25 (N=13)
Stable Occupations	16	26	50%
High clerical	8	13	50 (N=5)
Craftsperson.	8	13	50 (N=6)
Loss Occupations	42	54	40%
Low clerical.	11	7	20 (N=5)
Operative	31	47	47 (N=15)

Just what these data amount to is not yet clear. It is possible that the job search money and clothing and car repair allowances helped some to move around in the community in search of work rather more readily and easily than usual, and that they found unsubsidized jobs in the process. We know that a good many of the voucher recipients were experienced workers who needed training less than they did exposure to job openings.

It is probable, too, that a good many of these jobs resulted from the intercession of WIN staff members--22 of the former voucher clients began work on their new jobs after the voucher had expired. It is likely that an additional number of those who found unsubsidized work before the voucher expired were people who had become discouraged in the job search and sought the active intervention of WIN staff (dropped out of the voucher project, in effect). Further, there are indications that some of these jobs may have resulted from the efforts of job developers in the PWD placement operation which began in July. The matter invites further investigation, and will be a subject of our continuing data collection.

In Brief Summary

By comparison with ROJT during the same general period in 1974 the early data suggest that vouchering has had these effects:

VOJT employees hold slightly higher-level jobs, earn at slightly higher rates of pay, and are in training for a somewhat longer time (though not as long as would be expected if they and employers exploited the program);

as a consequence, the cost to WIN for wage subsidies was increased by about 57 percent; but

the costs associated with early termination of training were lower--the early termination rate for VOJT employees with DOT+8 contracts dropped to about three-fourths of that for ROJT clients for the same period in 1974; and

the occupations in which the VOJT clients were more concentrated than ROJT clients were associated with lower early termination rates.

There is also a suggestion in the data collected so far that for some clients the exposure to OJT vouchers and their associated fringe benefits resulted in better-than-usual placements in unsubsidized work. The circumstances surrounding this unanticipated outcome require further examination before we can accept this finding at face value, however.